

Message Text

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ACTION EB-07

INFO OCT-01 CIAE-00 COME-00 DODE-00 NSAE-00 USIA-15

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 8493

UNCLAS TOKYO 8573

EXCON

E.O. 11652: N/A

TAGS: ESTC, JA

SUBJECT: DIB-678 PROCEDURE: NATIONAL COMPUTERS LTD.

REF: STATE 127585

1. EMBASSY RECOMMENDS THAT NATIONAL COMPUTERS LTD. (NCL), AKABONO BLDG., 2-6-12, IWAMOTO-CHO, CHIYODA-KU, TOKYO, JAPAN (NOTE: THE FIRM MOVED ITS OFFICE FROM THE ADDRESS MENTIONED REFTTEL ON JUNE 2, 1977), BE ACCEPTED AS A PARTICIPANT UNDER THE DIB-678P PROCEDURE. ACCORDING TO OUR FINDINGS, NCL APPEARS TO MEET REQUIREMENTS OF EXPORT ADMINISTRATION REGULATIONS, PART 373.3, IN TERMS OF (A) DIRECT APPOINTMENT AS DISTRIBUTION AGENT BY AN AMERICAN EXPORTER, (B) PREREQUISITE VOLUME OF BUSINESS, AND (C) STATUS OF DISTRIBUTION IN JAPAN OF THE SUBJECT COMMODITY.

2. MR. NORIKATSU SUGATA, PRESIDENT OF NCL, STATED FOLLOWING IN REGARD TO ITS RELATIONS WITH THE AMERICAN EXPORTER, MELCO U.S.A., INC., COMPTON, CALIF.:

A) NCL WAS ESTABLISHED IN DECEMBER 1975 AS AN EXCLUSIVE IMPORT AGENT IN JAPAN FOR SYSTEM MAGNETICS CORP. (SMC), ANAHEIM, CALIF., A MANUFACTURER OF LINEAR
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MOTORS AND OTHER COMPUTER PERIPHERAL EQUIPMENT. AT PRESENT NCL IMPORTS ONLY HEAD POSITIONING SYSTEMS FOR END-USE BY MITSUBISHI ELECTRIC CORPORATION (MEC) AS COMPUTER COMPONENTS. NCL BEGAN IMPORTING SMC PRODUCTS IN JANUARY 1976 FROM THE EXPORTER OF RECORD, MELCO, USA. MELCO USA, CAPITALIZED AT US\$2,540,000 IS MEC'S WHOLLY OWNED SUBSIDIARY ESTABLISHED IN AUGUST 1973 AS AN

AMERICAN CORPORATION AND IS A DISTRIBUTOR OF MEC'S PRODUCTS IN U.S. AND EXPORTER OF U.S. PRODUCTS USED BY MEC PLANTS IN JAPAN.

B) NCL HAS IMPORTED FROM MELCO USA AND DELIVERED TO MEC ABOUT 100 UNITS OF SMC-MADE HEAD POSITIONING SYSTEMS VALUED AT FOB\$65,000 DURING 1976 AND 31 UNITS OR \$30,000 DURING FIRST FIVE MONTHS OF 1977. MELCO USA HAS APPLIED TO OEA FOR DISTRIBUTION LICENSE UNDER THE DIB-678P PROCEDURE BECAUSE ITS SHIPMENTS UNDER INDIVIDUAL EXPORT LICENSES HAVE OFTEN BEEN ELAYED CAUSING TROUBLE FOR MEC'S PRODUCTION SCHEDULE, AND BECAUSE MEC'S DEMAND FOR SMC-MADE POSITIONING SYSTEMS IS EXPECTED TO RISE TO 150 UNITS OR ABOUT \$100,000 IN 1977, AND TO 500 UNITS OR OVER \$300,000 IN 1978. A FORMAL AGREEMENT TO DESIGNATE NCL AS MELCO USA'S DISTRIBUTION AGENT IN JAPAN HAS NOT YET BEEN SIGNED, BUT IS SCHEDULED TO BE CONCLUDED BETWEEN NCL AND MELCO USA BY END OF JULY 1977.

3. IN REPLY TO OUR INQUIRY, MR. SATO, MATERIALS SECTION OF MEC COMPUTER WORKS, NO. UPGEGZNZTCAMIMACHIYA, KAMAKURA CITY, KANAGAWA PREF., JAPAN, CONFIRMED NCL'S STATEMENT IN A) AND B) OF PARA 2 ABOVE, AND STATED THAT SMC-MADE HEAD POSITIONING SYSTEMS DELIVERED BY NCL ARE BEING USED ONLY FOR MODEL M-2850 DISC DRIVES INCORPORATED INTO MEC'S COSMO-500 COMPUTER SYSTEM, AND THAT MEC'S ORDERS FOR THIS POSITIONING SYSTEM TO BE PLACED WITH NCL ARE SCHEDULED TO INCREASE SUBSTANTIALLY IN 1978 BECAUSE MEC IS GOING TO SELL M-2850 DISC DRIVES TO OTHER LARGE UNCLASSIFIED

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DOMESTIC COMPUTER MAKERS AS WELL.

4. OTHER EMBASSY SOURCES REVEAL THAT NCL IS CAPITALIZED AT 5 MILLION YEN AND HAS 8. 3.0)9633 . THE FIRM IS NOT ENGAGED IN ANY EXPORT BUSINESS BUT ACTS AS AN EXCLUSIVE IMPORT AGENT FOR SMC AND FOR PRECISION METAL CRUST DIV., OF BELL INDUSTRIES, MOUNTAINVIEW, CALIF., FOR DISTRIBUTION OF SUBSTRATES (ALUMINUM MATERIAL FOR MAGNETIC MEMORY MEDIA) IN JAPAN. NCL IS ALSO A DOMESTIC DISTRIBUTOR OF MEC-MADE MAGNETIC DISC DEVICES TO DOMESTIC SYSTEM MAKERS INCLUDING SUCH TOP-RANKING FIRMS AS TOKYO SHIBAURA ELECTRIC AND NIPPON ELECTRIC. BANKING SOURCES STATED TO EMBASSY THAT THEIR TRANSACTIONS WITH NCL HAVE CONSISTENTLY BEEN SOUND, ALTHOUGH THE FIRM IS RATHER SMALL IN SIZE. SEE TOKYO 7758 (5/25/76) FOR OUR WTDR DATA ON MEC, ONE OF THE LARGEST MANUFACTURERS OF ELECTRIC AND ELECTRONIC EQUIPMENT IN JAPAN. MANSFIELD

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Message Attributes

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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
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Disposition Comment:
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Enclosure: n/a
Executive Order: N/A
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